

Senate Bill No. 1397

Passed the Senate August 28, 1998

Secretary of the Senate

Passed the Assembly August 27, 1998

Chief Clerk of the Assembly

This bill was received by the Governor this ____ day
of _____, 1998, at ____ o'clock __M.

Private Secretary of the Governor

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CHAPTER ____

An act to amend Section 17155 of the Revenue and Taxation Code, and to add Section 11008.19 to the Welfare and Institutions Code, relating to holocaust victims, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1397, Brulte. Income taxes: exclusions: Swiss bank claims.

The Personal Income Tax Law allows various exclusions in computing the income that is subject to the taxes imposed by that law, including an exclusion for any amount received as compensation in any taxable year by a taxpayer pursuant to the German Act Regulating Unresolved Property Claims, as specified.

This bill would additionally exclude from taxation under that law any amount received by a taxpayer who is a Holocaust victim or the heir or beneficiary of a Holocaust victim as a result of a settlement of claims against any entity or individual for any recovered asset.

Existing law provides that, to the extent required by federal law, certain reparation payments received by United States citizens and resident aliens of Japanese ancestry who were interned during World War II shall not be considered as income or resources for purposes of determining eligibility to receive Medi-Cal or public assistance benefits or the amount of those benefits. Public assistance benefits include the county-administered CalWORKs program and the State Supplementary Program for the Aged, Blind, and Disabled.

This bill would exempt, for purposes of determining eligibility for public assistance and Medi-Cal benefits, certain amounts received by holocaust victims.

Since state funds are continuously appropriated to pay for the cost of public assistance benefits, and since this bill would increase the amount of assets which certain individuals would be able to possess for purposes of



determining eligibility for public assistance programs, the bill would constitute an appropriation.

Since the bill would impact the eligibility of recipients for CalWORKs benefits, and since each county is required to pay for a share of the cost of aid grants under this program, the bill would constitute a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 17155 of the Revenue and Taxation Code is amended to read:

17155. Gross income shall not include either of the following:

(a) (1) Any amount, including any interest or property, that is received as compensation in any taxable year by a taxpayer pursuant to the German Act Regulating Unresolved Property Claims, as amended (Gesetz zur Regelung offener Vermögensfragen).

(2) For purposes of this subdivision, the basis of any property received pursuant to the German Act Regulating Unresolved Property Claims shall be the fair market value of the property at the time of receipt by the taxpayer.

(b) (1) Any amount received by a taxpayer who is a Holocaust victim or the heir or beneficiary of a Holocaust



victim as a result of a settlement of claims against any entity or individual for any recovered asset.

(2) For purposes of this subdivision:

(A) “Holocaust victim” means a person who was persecuted by Nazi Germany or any Axis regime during any period from 1933 to 1945, inclusive.

(B) “Recovered asset” means any asset of any type, including any bank deposits, insurance proceeds, or artwork owned by a Holocaust victim during any period from 1920 to 1945, inclusive, withheld from that Holocaust victim or his or her heirs or beneficiaries from and after 1945, and not recovered, returned, or otherwise compensated to a Holocaust victim or his or her heirs or beneficiaries until 1995, or thereafter. “Recovered asset” shall also include any interest earned on any of these assets.

SEC. 2. Section 11008.19 is added to the Welfare and Institutions Code, to read:

11008.19. (a) Notwithstanding any other provision of law, any amount, including any interest or property, received by a holocaust victim, as defined in subparagraph (A) of paragraph (2) of subdivision (b) of Section 17155 of the Revenue and Taxation Code either as compensation pursuant to the German Act Regulating Unresolved Property Claims, as amended (Gesetz zur Regelung offener Vermögensfragen), or as a result of a settlement of claims against any entity or individual for any recovered asset, shall not be considered as income or resources for purposes of determining eligibility to receive Medi-Cal benefits or public assistance benefits or the amounts of those benefits.

(b) This section shall not be construed to permit any retroactive services or payments to be provided to recipients of Medi-Cal or public assistance benefits.

SEC. 3. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title



2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.



Approved _____, 1998

Governor

